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C O N F I D E N T I A L SECTION 01 OF 02 QUITO 002241

SIPDIS

E.O. 12958: DECL: TEN YEARS

TAGS: [PGOV](#) [PREL](#) [PINR](#) [EC](#)

SUBJECT: NEW GOVERNMENT MINISTER AN IMPROVEMENT

REF: QUITO 2223

Classified By: PolChief Erik Hall, for reason 1.4 (b&d).

1. (C) Summary: On September 26, the Ambassador discussed pending political reforms with new Minister of Government Oswaldo Molestina. She also enlisted Molestina's continued support for the successful conclusion of an FTA and new leadership combating trafficking in persons (TIP). President Palacio moved Molestina from the Commerce Ministry to replace controversial minister Mauricio Gandara in the Cabinet's highest seat on September 8, signaling his government's commitment to political dialogue. Molestina's party, the Democratic Left (ID), subsequently affirmed its public support for Palacio's political reform agenda, set to culminate in a referendum on constitutional changes on December 11. Molestina indicated that, in contrast to his predecessor, he will favor dialogue over confrontation, improving chances for reform and FTA ratification by Congress. End Summary.

Reforms: Committed to Dialogue with Congress

2. (SBU) After accepting the Ambassador's congratulations for his new post with humor, Molestina declared his qualifications for the post. First and foremost, he has the advantage of having served in all three branches of government, and as a result has many friends in Congress. President of Congress Wilfredo Lucero is an old friend. All the members of the congressional Constitutional Affairs Commission are also old friends, making the job of reaching consensus on reform much easier. (Comment: This is in marked contrast to his predecessor, who disdained contact with Congress and left under threat of congressional impeachment.)

3. (C) Molestina said he had already entered into open and respectful dialogue with Congress and political leaders over issues to include in a popular referendum scheduled for December 11. His proposal would come in the form of a letter to Congress President Lucero, and would signal the Executive's openness to alternatives proposed by Congress. Where Congress disagrees with a government proposal, he said, President Palacio is willing to "let the voters decide" between two options. He doubted that many voters would support anything suggested by Congress. (Note: Molestina's 17 suggested referendum questions were made public on September 27, and were reported RefTel).

4. (SBU) Molestina said that while the overall size of Congress would remain around 100, its period of operation would be reduced to 90 days per year. The creation of a Senate would reduce the size of the other House. He also revealed that if the voters approved, he would become the Chief of Government, and Palacio would serve as Chief of State. Molestina did not specify what effect that distinction would have, except that he would run the government while Palacio was abroad.

FTA - Keeping a Hand In

5. (C) The Ambassador asked whether Molestina would remain involved in FTA negotiations from his new post. Molestina replied he "would have to." The Ambassador raised the need for labor reform and further progress toward resolution of commercial disputes, citing specifically the cases of Occidental Petroleum, Interagua, and Machala Power. Molestina said he had offered to help his successor as Minister of Commerce, Jorge Illingworth, on these issues. He expressed hope that the Occidental case would be resolved "in coming days."

6. (C) Asked if Ecuador would be able to finish negotiations by mid-November, Molestina was unequivocal. Colombia and Peru had been pressing the GOE to be ready to finish in October, which the GOE had resisted, asking for support in negotiations from its neighbors in recognition of its lower level of development. The GOE believes the three countries must stick together, he said, and could certainly come to closure in negotiations by mid-November. Asked how hard it would be to get any agreement through Congress, Molestina was sanguine. It would not be very hard to get Congressional

approval, he said. Of course some will always be against for ideological reasons, he said, citing specifically the Pachakutik and Socialist parties.

Police

17. (C) The Ambassador congratulated the Government Ministry on recent progress combating narco-trafficking and successful enforcement actions against the FARC. Molestina noted that two FARC leaders were deported to Colombia by the GOE on immigration charges, to avoid legal tangles. He praised the capabilities of Chief of National Police Jose Vinueza, noting that President Palacio thought so highly of him he had invited Vinueza to accompany him to Miami for meetings there on September 28.

TIP

18. (SBU) The Ambassador enlisted Molestina's leadership to combat trafficking in persons (TIP), citing the importance of the issue to the USG. Ecuador is on Tier III because it needs to give the problem greater attention. It would be hard to convince the U.S. Congress to support an FTA with any country that neglects this important human rights issue. The minister of government is charged with coordinating GOE efforts to combat TIP and help TIP victims. Evincing little familiarity with the nature of the TIP problem, Molestina said he would have no difficulty coordinating among government institutions to combat TIP. "After you leave I will meet with seven other ministers to prevent provincial strikes," he said.

Galapagos

19. (SBU) Molestina invited the Ambassador to visit him at his home in the Galapagos, prompting a discussion about conservation efforts there. Molestina agreed that the current director of the Galapagos National Park is technically qualified and doing a good job. It is essential to create alternatives for local fisherman, he said, and prevent further illegal immigration by Ecuadorians to the islands. The Environment Ministry has a list of 6,000 violators of Ecuador's internal restrictions on immigration there. It had been a mistake to make the Galapagos a province with its own Congressional representation, he said. Electoral contests tend to prompt local politicians to court the fishing sector vote with populist proposals, complicating the task of conservation.

Decentralization

10. (SBU) Molestina said that preventing provincial protests and strikes was occupying the bulk of his time as Government Minister. He would be meeting with seven other ministers who had made different promises to different provinces. Without his own intervention, Molestina said, none of those promises would be met, generating future protests. "If I do not go to Esmeraldas province on Wednesday," he said, "they will strike on Thursday." Sucumbios province was next on his travel list. The GOE hoped to make progress giving provinces the support they needed to take over additional responsibilities from the central government, as Guayaquil had done.

Comment

11. (C) Molestina clearly has a high opinion of his own abilities, which is shared by many. To us, Molestina's appointment as first among ministers is encouraging on a number of fronts. He represents a distinct improvement over his predecessor, whose attitude toward Congress prevented dialogue and whose bias against USG interests was well known. Molestina's appointment bolstered the Palacio Government's stability by bringing the ID into open alliance with the government.

12. (C) Also encouraging is the fact that, as former chief of the GOE's FTA negotiation team, Molestina has a personal stake in seeing the agreement concluded and ratified. While he enjoys personal and technical credibility with Congress on the issue, we are less sanguine about prospects for congressional approval and believe Molestina's excellent relations with Congress will be sorely tested when the FTA goes to a vote, if not before that on the political reform package. We are hopeful Molestina can energize GOE efforts to combat TIP, if he can free himself long enough from putting out provincial fires.

JEWELL